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1. In the process of introducing Communism into China, the intermediate stage, known as "The New Democracy," was designed to bring about a form of socialism characterized by collective farming and industrialization. Chinese economy is still predominantly agricultural, with the agricultural population constituting over 80 percent of the total, and agricultural production occupying more than 70 percent of the total production.
2. The greatest obstacle to the development of agriculture was the old land system under which landlords, who constituted no more than 10 percent of the rural population, nevertheless owned but did not utilize actively more than 60 percent of the land. Poor peasants and hired farm hands, who constituted 60 percent of the rural population, owned only 20 percent of the land, while the remaining 20 percent was owned by rich and middle class peasants. The poor peasants had borne the brunt of taxation and it was largely in order to enlist the support of this vast impoverished peasantry that the reforms were initiated.
3. The objectives of agrarian reform are as follows:
 - a. To eliminate land owners as a class. Their lands and property are confiscated and redistributed.

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- b. To reduce the power of, but as far as possible gain the support of rich peasants. Land personally cultivated by rich peasants is not confiscated, whereas land and property cultivated by hired labor is.
- c. To enlist the support of middle-class peasants. In general their land is not confiscated, and if their holdings prove to be less than the average held by the peasantry upon the completion of reform, they are given extra land to make up this deficit. They retain their citizenship rights and are allowed to hold important positions in local political organizations.
- d. To better the lot of poor peasants and hired farm hands. These latter are the cornerstone of village government. They are entitled to priority in receiving economic aid and play a predominant role in political affairs.

The above is also designed to destroy the last vestige of the Kuomintang regime, under which authority was placed in the hands of the landlords, backed by the presence of a totalitarian police force and troops.

Methods.

- 4. There are five stages in the process of agrarian reform:
 - a. Agrarian reform cadres, who sleep and eat with the peasantry and observe their manner of life, begin indoctrination, partly by personal persuasion and partly by calling meetings of peasants, of women, of elderly persons, and of the local youth.
 - b. Each member of the local population is defined as a poor peasant, a middle-class peasant, a rich peasant or landlord. The poor peasants are expected to air their grievances and the landlords to submit to public accusation and trial.
 - c. Land, food stocks, farming implements and luxury property of the landlords and rich peasants are confiscated.
 - d. Established demarkations of landholdings and usual production capacity are investigated.
 - e. Lands and property are redistributed.
- 5. Two or three months after the first provisional distribution of land and housing, there is generally a re-examination of land allotment and a further check to ascertain whether landlords have surrendered all their property, including currency, and whether cadres have discharged their duties thoroughly and equitably.
- 6. Meanwhile, during this period, the propaganda network and the political control network, i.e., Youth Corps, Party committees, Party cells, security cells, and self-protection units, will have been established. Landholding certificates will also have been delivered to the new owners.

Progress of Agrarian Reform throughout China.

- 7. Nationwide agrarian reform was begun in the spring of 1950. Elimination of banditry and mopping up of Kuomintang remnants took precedence over agrarian reform, which was never staged simultaneously throughout a whole province, but advanced in waves, starting from a central point and spreading outward.
- 8. Shensi was the first province to complete its agrarian program, followed by Northeast China, North China and East China, in that order. Southwest China

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and Central and South China lagged behind. In Southwest China, only Szechuan has completed its program and in Central and South China, only some parts of Kwangtung and Kwangsi. Parts of Yunnan and Kweichow are still not dealt with and in Sikang the work has not begun. Progress of agrarian reform in the Northwest and in Hainan Island is not known. In [] areas largely peopled by minorities, the policy is to not introduce agrarian reform for the time being. Their turn must wait until firm control has been established politically by the Communist Government.

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Popular Reaction.

9. The movement is bitterly resented by the landowning classes, who are powerless to resist. During the period in which the class struggle is incited through propaganda and indoctrination by cadres, suicides and murders by beating and burning are rife. In one hsien alone, at least 1,100 deaths were caused in this phase of the reform.
10. The enthusiasm of the poor peasantry very often cools after the completion of agrarian reform through the imposition of heavy grain taxes and compulsory sale of grain at fixed prices to the Government. The feeling of popular resentment, and in many cases of disgust, at the incidental bestialities accompanying reform, is becoming general and causing the authorities serious concern in many districts. This is illustrated by the fact that early in July of this year the Chinese Communist Party of the Southwest China Bureau issued a declaration to Party committees, at different levels, to the effect that the masses were beginning to desert the Party and regret agrarian reform. The instruction exhorted cadres to review their activities, and if necessary to acknowledge their guilt and inadequacies publicly before the peasants. It is likely the grain tax may be lessened in the near future in order to lighten the burden on the peasantry and thus regain their loyalty.

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